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Editorial

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In the first article of this issue, Andreas Hackethal and Alexandre Zdantchouk investigate the signaling power of stock repurchases. They find that the announcement effect of stock repurchases is much higher in Germany than in the US and argue that the signal is stronger in Germany than in the US for regulatory reasons.

In the second article, Bogdan Stanescu examines the dividend policy of Swiss firms. Applying a cross-sectional analysis, he compares the characteristics of dividend-paying firms to those of non-dividend-paying firms and identifies factors determining the payout ratio. He also considers firms using stock repurchases instead of or in addition to dividend payments. In the second part of the paper, he analyzes the informational content of dividend changes with respect to future earnings and cash flows.

In the third article, Peter Witt and German Brachtendorf investigate the costs and benefits of staged financing for start-up companies. They perform an empirical study using a sample of German firms. Specifically, they analyze whether the number of financing stages increases in the presence of higher external risk and higher qualification and behavioral risk of the founders and decreases in the presence of higher transaction costs.

The fourth article revisits the uncovered interest rate parity from the perspective of a US and a Swiss investor. Using a non-standard test design, Christoph Sax analyzes the relationship between changes in exchange rates and short-term investments in long-term fixed income instruments. The results differ depending on the currency of reference.

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In this issue's "Perspectives" article, Bernd Brommundt, Jochen Felsenheimer, Philip Gisdakis, and Michael Zaiser look into recent developments on the international credit and credit derivatives markets. They discuss the role of correlations and describe last year's "correlation crisis", illustrate the limits of capital structure arbitrage, and address new risks arising from credit derivatives, as they became manifest in the case of Delphi Corporation's Chapter 11 filing last year.

Last but not least, I am pleased to announce the winners of the 2005 Best Paper Awards for articles published in *Financial Markets and Portfolio Management*. The "FMPM Best Paper Award" went to Julio Pindado and Luis Rodrigues for their paper titled "Determinants of financial distress costs", which appeared in the fourth issue of Vol. 19. The "Swisscanto Award for the Best Professional Paper in FMPM" went to Stefan Ruenzi for his paper titled "Mutual fund growth in standard and specialist market segments", which appeared in the second issue of Vol. 19. We congratulate the winners for their exceptional contributions!

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